



## **Subject: Letter of Support for HF 3545 – Repeal of Mandatory Residential Energy Code Escalation**

**To:** Chair Baker, Chair Pinto, and the Honorable Members of the Workforce, Labor, and Economic Development Committee:

On behalf of the Builders Association of Minnesota (BAM), thank you for the opportunity to share this written testimony. Our membership of nearly 500 residential builders, remodelers, subcontractors, and industry partners is joined together through six local associations across Minnesota; we are proud to be the statewide voice of the Minnesota home building industry.

We are writing to express our strong support for the bill authored by Representative Mekeland to amend Minnesota Statutes 2024, section 326B.106. Specifically, we support the repeal of paragraph (g), which mandates a rigid and increasingly expensive trajectory for residential energy codes.

While energy efficiency is a shared goal, the current statutory mandate to achieve a 70% reduction in net energy consumption by 2038 creates a significant economic and regulatory imbalance across our state.

### **Addressing the Geographic Inequity of Enforcement**

A critical, often overlooked aspect of building code regulation in Minnesota is the lack of uniform enforcement. Large portions of our state are not covered by the Minnesota State Building Code; consequently, there are no building code inspections in these areas. Currently, **only 21 of Minnesota's 87 counties** fully enforce the code.

This creates a two-tiered housing market that unfairly penalizes certain residents:

- **Inconsistency in Inspections:** In the majority of the state (66 counties), there are no building code inspections for structural, framing, or energy-related items. While state law requires that every home in Minnesota receive a plumbing and electrical inspection, no other building code-related items are inspected in these non-enforcement areas.
- **Increased Costs in Enforced Zones:** In the 21 counties where the code is enforced, homebuyers will bear the full brunt of the expensive new technologies and materials required to meet these aggressive 70% reduction targets. This adds thousands of dollars to the price of a new home in those specific areas, further tightening the "affordability gap" for families in those jurisdictions.

- **Regulatory Disparity:** Mandating a "one-size-fits-all" energy standard is logically flawed when the enforcement of that standard is so fragmented. We are essentially creating a system where the cost of the "American Dream" is determined by a geographic lottery.

### **Why This Repeal is Necessary**

- **Protecting the "Starter Home":** By repealing this mandatory escalation, we protect the viability of the entry-level housing market in the areas that actually enforce the code.
- **Economic Stability:** We should not mandate cost-prohibitive construction standards that only apply to a fraction of the state's geography, effectively punishing residents in enforced jurisdictions with higher living costs while others remain exempt from the same oversight.
- **Practicality over Ideology:** Modern homes are already significantly more efficient than those built just two decades ago. The 2038 goals are based on a trajectory that ignores the diminishing returns of ultra-high-efficiency mandates and the reality of how buildings are inspected across the state.

Minnesota must balance its environmental aspirations with the immediate, pressing need for attainable housing. Mandating a 70% energy reduction creates an unsustainable financial burden that will fall disproportionately on residents in just a handful of counties.

I urge you to support Representative Mekeland's bill to ensure that housing remains a reachable goal for all Minnesotans.

Sincerely,

**Grace Keliher** Executive Vice President Builders Association of Minnesota

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